

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 COME-00 EB-07 LAB-04 SIL-01 AID-05 OMB-01
TRSE-00 /074 W
-----014504 120303Z /63

R 111243Z JUL 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 4618
INFO AMCONSUL BOMBAY
RUSDUWEGWCONSUL CALCUTTA 0070
AMCONSUL MADRAS
CINCPAC

C O N F I D E N T I A L NEW DELHI 9779

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: ELAB, IN
SUBJECT: LABOR: STILL LETTING OFF STEAM

REF: NEW DELHI 7117

1. FREED OF THE CONSTRAINTS OF THE EMERGENCY, WORKERS IN ALL PARTS OF INDIA CONTINUE USING ALL THE TRADITIONAL AGITATIONAL WEAPONS TO BACK-UP THEIR DEMANDS, WHICH FOR THE MOST PART CONCERN WAGES AND OTHER CASH PAYMENTS. SOME UNIONS ARE DEMANDING RECTIFICATION OF THE WRONGS THEIR MEMBERS ALLEGEDLY SUFFERED DURING THE EMERGENCY. WHEREAS DURING THE EMERGENCY EMPLOYERS CLEARLY HAD THE UPPER HAND IN LABOR RELATIONS (MANAGEMENT SPONSORED LOCK-OUTS ACCOUNTED FOR APPROXIMATELY 80 PERCENT OF ALL PRODUCTION TIME LOST DUE TO LABOR DISPUTES), THE SITUATION IS NOW GENERALLY REVERSED. IN SOME CASES MANAGEMENT IS FEARFUL AND INTIMIDATED BY THREATS OF VIOLENCE. THUS FAR THE GOI HAS DEALT WITH THESE DISPUTES
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ON AN AD HOC BASIS AND HAS NOT COME TO TERMS WITH THE UNDERLYING PROBLEMS.

2. THE MOST SERIOUS LABOR PROBLEMS CONFRONTING THE GOI TO DATE IS THE THREAT OF A NATION-WIDE PORT STRIKE CALLED FOR JULY 14. WAGES AND THE COST OF LIVING ALLOWANCE ARE THE PRINCIPAL ISSUES. THE DISPUTE TAKES ON ADDED SIGNIFICANCE

AS THE EMPLOYER IS THE JANATA GOVERNMENT WITH ITS "PEOPLE'S" PLATFORM. THE LABOR MINISTRY HAS CALLED FOR TALKS ON THE 12TH, AND NO ONE IS WILLING TO PREDICT THEIR OUTCOME.

3. MOST OBSERVERS EXPLAIN THE WIDE-SPREAD LABOR UNREST AS A NATURAL REACTION OF THE WORKERS TO THEIR NEWLY REGAIN FREEDOM: "LETTING-OFF STEAM". HOWEVER, AS THE WEEKS GO BY, IT IS CLEAR THAT THE TRADE UNIONS ARE NOT JUST FLEXING THEIR MUSCLES TO GET BACK INTO CONDITION AFTER THE YEAR AND A HALF OF DISUSE, BUT THAT THERE ARE ECONOMIC PROBLEMS, WHICH GOVERNMENT AND MANAGEMENT WILL HAVE TO RESOLVE. MOST IMPORTANT IS THE INCREASE IN THE COST OF LIVING. THE AVERAGE MONTHLY CONSUMER PRICE INDEX FOR THE FIRST FIVE MONTHS OF 1977 WAS 7.4 PERCENT HIGHER THAN FOR THE CORRESPONDING PERIOD IN 1976. THE LATEST INDEX FOR MAY 1977 SHOWS AN 1.6 PERCENT INCREASE OVER APRIL, WHICH WHEN COMPARED TO THE MAY/APRIL 1976 INCREASE INDICATES THAT MORE THAN SEASONAL FACTORS ARE AT WORK. RECOGNIZING THE POLITICAL SENSITIVITY OF PRICE INCREASES, JANATA PARTY PRESIDENT CHANDRA SHEKHAR HAS THREATENED TRADERS AND MANUFACTURERS THAT THE GOVERNMENT WOULD TAKE "COERVICE" MEASURES, IF THEY FAILED TO REDUCE PRICES.

4. ANOTHER MAJOR CAUSE OF LABOR AGITATION IS RIVALRY AMONG COMPETING UNIONS FOR THE "LOYALTY" OF THE WORKERS. UNIONS BELONGING TO THE CONGRESS-PARTY ALLIED INTUC CONFEDERATION ARE ASSERTING A NEW-FOUND MILITANCY, WHEREAS THE TRADITIONALLY

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MORE RADICAL UNIONS ARE IN SOME CASES BEHAVING AS MODELS OF MODERATION. SOME OBSERVERS SEE POLITICAL MOTIVES--AN INTEREST IN EMBARRASSING THE GOVERNMENT--BEHIND CALLS FOR WORK STOPPAGES. THE GOI HAS PROMISED A REVISION OF THE BAISC INDUSTRIAL RELATIONS LAW TO BE PRESENTED TO PARLIAMENT IN THE FALL, BUT THERE IS CONSIDERABLE DOUBT AS TO WHETHER IT WILL EFFECTIVELY DEAL WITH THE DIFFICULT ISSUES OF UNION RECOGNITION AND BARGAINING RIGHTS.

5. UNTIL THE GOI COMES TO GRIPS WITH THE ECONOMIC PROBLEMS OF THE WORKERS (THERE IS AMBITIOUS TALK IN THE GOI OF FORMULATING A NATIONAL WAGE POLICY) AND IMPROVES THE CURRENT SYSTEM OF RESOLVING INDUSTRIAL DISPUTES, WE BELIEVE THERE WILL BE NO ABATEMENT IN THE LEVEL OF LABOR AGITATION. ALTHOUGH IN COMPARISON TO THE LOW LEVEL OF PRODUCTION TIME LOST DUE TO LABOR DISPUTES DURING THE EMERGENCY THE PRESENT LEVEL SEEMS SERIOUS, WE MUST NOT EXAGGERATE THE PRESENT SIZE OF THE PROBLEM. THE DANGER EXISTS, OF COURSE, THAT IT COULD GET WORSE.
GOHEEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNION GOVERNMENT RELATIONS, LABOR STRIKES, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE09779
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770246-1111
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770771/aaaacjvr.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4a25f96d-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 NEW DELHI 7117
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1904668
Secure: OPEN
Status: NATIVE
Subject: LABOR: STILL LETTING OFF STEAM
TAGS: ELAB, IN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4a25f96d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009